

## Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 EB-07 COME-00 TRSE-00 XMB-02  
OPIC-03 AID-05 IGA-02 FRB-03 L-03 /051 R

DRAFTED BY NEA/INS:JRGRAHAME:JES  
APPROVED BY E:COOPER  
NEA/INS:DKUX  
S/S:MR. SEBASTIAN

-----041831Z 130664 /43

P 041749Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY NEW DELHI PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: INDIAN FINANCE SECRETARY'S CALL ON UNDERSECRETARY  
COOPER

1. INDIAN FINANCE SECRETARY MANMOHAN SINGH, ACCOMPANIED BY  
INDIAN EMBASSY MINISTER BAIJAL, CALLED ON UNDERSECRETARY  
COOPER APRIL 29. ASSISTANT SECRETARY KATZ AND CHARLES FRANK  
(E) PARTICIPATED. GRAHAME (NEA/INS) SAT IN. FORTY MINUTE  
FAST MOVING DISCUSSION COVERED INDIAN ECONOMY, IDA V, WORLD  
BANK LOAN MIX, NORTH/SOUTH ISSUES AND CIEC. SINGH SAID HE  
WAS IMPRESSED BY CORDIAL RECEPTION GIVEN MINISTER PATEL  
IN WASHINGTON AND LOOKED FORWARD TO PRODUCTIVE PERIOD OF  
INDO-U.S. COLLABORATION.

2. ECONOMY - SINGH SURVEYED INDIAN ECONOMIC PERFORMANCE  
SINCE 1973, STATING THAT TOUGH ECONOMIC POLICY DECISIONS-  
SAVAGE ADJUSTMENTS TO NEW ENERGY SITUATION, A SUCCESSFUL  
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ANTI-INFLATION PROGRAM AND VIGOROUS EXPORT DRIVE - HAD COM-  
BINED WITH TWO RECORD HARVESTS TO AWAKEN INDIAN ECONOMY AND  
PROVE ITS RESILIENCE. SINGH SAID THAT INDIA'S CURRENT HIGH  
FOODGRAIN STOCKS AND RECORD FOREIGN EXCHANGE RESERVES WOULD  
PERMIT ECONOMY WITHSTAND NEXT DROUGHT. ALTHOUGH THERE WOULD  
BE FLUCTUATIONS, THE NEXT DECADE WOULD BE PRODUCTIVE.

3. IDA - SINGH SAID INDIA WOULD NEED VERY SUBSTANTIAL EXTERNAL AID OVER NEXT FIVE TO SEVEN YEARS, AND THAT IDA LENDING WAS OF VITAL IMPORTANCE. HE NOTED WITH PLEASURE THAT HIS DISCUSSIONS IN WASHINGTON INDICATED THAT ADMINISTRATION MORE RELAXED ON ISSUE OF REDUCING INDIA'S SHARE OF IDA. HOWEVER, HE REMAINS CONCERNED AND SAID IDA LENDING TO INDIA SHOULD NOT BE REDUCED UNDER ANY CRITERIA. SINGH SAID HE WAS PLEASED TO LEARN FROM HIS DISCUSSIONS AT TREASURY THAT U.S. IS NOT APPROACHING WORLD BANK REVIEW OF IDA LENDING CRITERIA WITH PRECONCEIVED NOTIONS. COOPER CONFIRMED THAT WE ARE NOT URGING REDUCTION OF INDIA'S SHARE BUT ARE AWAITING RESULTS OF WORLD BANK REVIEW. HE ADDED THAT THERE IS SOME PRESSURE IN CONGRESS FOR REDUCTION BUT THAT THIS HAS EASED IN WAKE OF RECENT DEVELOPMENTS IN INDIA. COOPER NOTED THAT DURING HIS OWN SENATE TESTIMONY ON IDA, SENATORS HUMPHREY AND PERCY BOTH SPOKE IN SUPPORT OF INDIA'S NEEDS.

4. TURNING TO WORLD BANK LENDING, SINGH SAID INDIA PREFERRED PROGRAM TO PROJECT LENDING BUT EXPRESSED CONCERN THAT BANK WAS REACTING TO INDIA'S CURRENT HIGH FOREIGN EXCHANGE RESERVE POSITION BY HESITATING ON PROGRAM LOANS. SINGH EXPRESSED HOPE U.S. COULD URGE BANK TO CONCENTRATE ON PROGRAM LOANS. IN RESPONSE TO QUESTION ABOUT GOI INTEREST IN COMMERCIAL BANK LENDING. SINGH SAID THAT HE HAD BEEN APPROACHED BY MANY INTERNATIONAL BANKERS IN PAST SIX MONTHS BUT THAT GOI IS FISCALLY TOO CONSERVATIVE FOR COMMERCIAL LENDING AND NEEDED TO HUSBAND ITS FOREIGN EXCHANGE RESOURCES FOR USE IN DROUGHT YEAR.

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5. NORTH/SOUTH ISSUES - COOPER SAID THAT WHILE U.S. POLICY HAD MOVED SIGNIFICANTLY, IT STILL FELL FAR SHORT OF WHAT G-19 WAS ASKING. HE EXPRESSED CONCERN THAT LDC EXPECTATIONS OF CARTER ADMINISTRATION REGARDING NORTH/SOUTH POLICY WERE TOO HIGH AND NOTED THAT WHILE MARGINAL THOUGH SIGNIFICANT CHANGES HAVE TAKEN PLACE, THERE IS SUBSTANTIAL CONTINUITY IN U.S. INTERNATIONAL ECONOMIC POLICY. HE SAID COMMODITY PROGRAMS AIMED AT EXPORT EARNING STABILIZATION RATHER THAN RESOURCE TRANSFER AND DEVELOPMENT OF LDC RESOURCES ARE GOALS U.S. SUPPORTS. COOPER EXPRESSED HIS CONCERN ABOUT NEED TO DIVERSIFY LDC EXPORTS AND ACCELERATE PACE OF RESOURCE DEVELOPMENT. HE SAID THAT THE OLD MECHANISM OF PRIVATE EQUITY CAPITAL WAS INADEQUATE TO MEET DEVELOPMENT NEEDS AND THAT NEW MECHANISMS MUST BE DEVELOPED. COMBINATION OF WORLD BANK AND PRIVATE SECTOR FINANCING IS ONE POSSIBLE NEW MECHANISM.

6. CIEC - NOTING INDIA'S IMPORTANCE IN G-19, COOPER SAID

HE HOPED GOI AGREED THAT CIEC CAN CONCLUDE SUCCESSFULLY AND

CONSTRUCTIVELY SO THAT IT WILL PROVIDE IMPETUS TO MOVE  
ISSUES INTO PROPER CHANNELS. WHAT HAS BEEN DONE BOTH WITH-  
IN AND WITHOUT CIEC CONCERNING THE NEW INTERNATIONAL ECO-  
NOMIC ORDER IS IMPRESSIVE - IDA V, COMMODITY NEGOTIATIONS  
- AND CIEC SHOULD NOTE THEM AND FUTURE PROSPECTS. SINGH  
SAID THAT WHILE INDIA, AS A NET IMPORTER OF PRIMARY COMMODI-  
TIES WITH A SOPHISTICATED INDUSTRIAL BASE, IS NOT A TYPICAL  
LDC, GOI HAS INTEREST IN LDC STABILITY AND THEREFORE SUP-  
PORTS THEIR REQUESTS. HOWEVER, GOI DOES NOT FAVOR CONFRON-  
TATION. COOPER SAID WE WOULD WELCOME INDIA'S MODERATING  
INFLUENCE WITHIN G-19 AS CIEC WINDS DOWN.

7. SINGH HAD MET COOPER PROFESSIONALLY IN PAST AND ATMOS-  
PHERE OF MEETING WAS COLLEGIAL AND WARM. SINGH MADE SEVERAL  
REFERENCES TO HIS OWN REASSURANCE AND THAT OF HIS GOI COL-  
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LEAGUES THAT COOPER WAS PLAYING KEY ROLE IN U.S. NORTH/  
SOUTH POLICY FORMATION. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Subject:** INDIAN FINANCE SECRETARY'S CALL ON UNDERSECRETARY COOPER  
**TAGS:** EFIN, IN, (COOPER, RICHARD), (SINGH, MANMOHAN)  
**To:** NEW DELHI  
**Type:** TE  
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